

Village of Clarksville

County of Ionia, Michigan

Financial Statements
And Independent Auditors' Report

Year Ended February 29, 2008

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Independent Auditors' Report

Village Council
Village of Clarksville
Clarksville, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village of Clarksville as of and for the year ended February 29, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Village of Clarksville as of February 29, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the financial statements but are supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Clarksville's basic financial statements. The individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of Clarksville. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.

August 27, 2008

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Village of Clarksville
Management's Discussion and Analysis
Year Ended February 29, 2008

As management of the Village of Clarksville, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended February 29, 2008.

The Village as a Whole

The Village's net assets remain stable, and in fact, are on the rise. The Village continues to provide primary services to our residents.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements report functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Village include legislative, general government, public works and community development.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village fall into one category: governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Village of Clarksville
Management's Discussion and Analysis
Year Ended February 29, 2008

Governmental funds (continued). The Village maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, major street and local street, each of which are considered to be major funds.

The Village adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 3 and 5 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-13 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Clarksville, assets exceeded liabilities by \$324,994 at the close of the most recent fiscal year.

A portion of the Village's net assets, about seventeen percent (17%), reflects its investment in capital assets (e.g., land, buildings and improvements, equipment and furniture, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In a condensed format, the table below shows net assets as of the fiscal year-end:

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Current assets	\$ 291,911	\$ 321,638
Non-current assets	<u>111,609</u>	<u>82,134</u>
Total assets	<u>403,520</u>	<u>403,772</u>
Current liabilities	22,799	17,491
Non-current liabilities	<u>55,727</u>	<u>68,378</u>
Total liabilities	<u>78,526</u>	<u>85,869</u>
Net assets:		
Invested in capital assets -		
net of related debt	54,489	12,047
Unrestricted	<u>270,505</u>	<u>305,856</u>
Total net assets	<u>\$ 324,994</u>	<u>\$ 317,903</u>

Village of Clarksville
Management's Discussion and Analysis
Year Ended February 29, 2008

The following table shows the changes of the net assets as of the fiscal year-end.

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Program revenues:		
Operating grants	\$ 31,554	\$ 31,920
General revenues		
Property taxes	74,858	63,378
State-shared revenue	32,732	37,717
Interest income	6,812	7,909
Special item – loss on sale of building	(12,718)	-
Other	<u>5,510</u>	<u>4,496</u>
Total revenues	<u>138,748</u>	<u>145,420</u>
Program expenses:		
Legislative	11,596	7,190
General government	46,465	45,970
Public works	61,201	36,713
Culture and recreation	9,975	-
Interest on long-term debt	<u>2,420</u>	<u>2,917</u>
Total expenses	<u>131,657</u>	<u>92,790</u>
Changes in net assets	<u>\$ 7,091</u>	<u>\$ 52,630</u>

Governmental Activities

The Village total revenues have decreased slightly due to the loss on the sale of the library building. While state revenues have decreased as expected, property taxes have increased to compensate for the difference. Interest rates are increasing and we have been able to get more rate of return on our accounts. Every effort is made to carefully budget our available funds and we have been able to increase our assets, as well as maintain a stable cash flow.

General Fund Budgetary Highlights

Over the course of the year, usually twice, Village Council amends the budget to take into account events happening during the year.

Capital Asset and Debt Administration

The Village had a total investment in capital assets for its governmental activities as of February 29, 2008 of \$111,609, which is made up of a broad range of capital assets, including buildings, equipment, furniture, and significant investments in streets (infrastructure).

Major capital asset events during the current fiscal year included the following:

- Purchase of a new hardwood floor for Village Hall for \$7,640
- Repaving of Cross Street in the amount of \$81,800 which was partially funded by the General Fund with a matured CD
- Sale of the Library property; however, the Village agreed to pay 30 months of rent for the library to the new owners of the property (treated as a contribution to another governmental unit)

Village of Clarksville
Management's Discussion and Analysis
Year Ended February 29, 2008

The following table summarizes the fixed assets of the Village as of the current year end.

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Land	\$ 3,000	\$ 4,000
Buildings and improvements	32,089	98,446
Equipment and furniture	12,127	9,627
Infrastructure	81,800	-
Accumulated depreciation	<u>(17,407)</u>	<u>(29,939)</u>
Net capital assets	\$ <u>111,609</u>	\$ <u>82,134</u>

The following table summarized the debt outstanding at the current year-end:

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
MDOT Infrastructure Loan	\$ <u>55,727</u>	\$ <u>68,379</u>

The Village's total debt decreased by \$12,652.

Economic Factors and Next Year's Budgets and Rates

In the interest of attracting new residents to the Village, we strive to keep our operating millage down. The Village has reduced their operating millage over the last few years. Also, as some of the time-long residents sell their property, the tax basis increases will bring additional revenue.

Contacting the Village Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Village office.

Village of Clarksville
Statement of Net Assets
February 29, 2008

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 274,674
Receivables:	
Due from other governmental units	17,237
Capital assets less accumulated depreciation of \$17,407	<u>111,609</u>
Total assets	<u>403,520</u>
Liabilities:	
Accounts payable	13,610
Accrued payroll	7,796
Accrued interest	1,393
Long-term liabilities:	
Bonds payable, due within one year	13,157
Bonds payable, due in more than one year	<u>42,570</u>
Total liabilities	<u>78,526</u>
Net Assets:	
Investment in capital assets - net of related debt	54,489
Unrestricted	<u>270,505</u>
Total net assets	<u>\$ 324,994</u>

Village of Clarksville
Statement of Activities
Year Ended February 29, 2008

Functions/Programs	Program Revenues			Governmental
	Expenses	Charges for Services	Operating Grants/Contributions	Activities
				Net (Expense) Revenue and Change in Net Assets
Primary Government				
Governmental activities:				
Legislative	\$ 11,596	\$ -	\$ -	(11,596)
General government	46,465	-	-	(46,465)
Public works	61,201	-	31,554	(29,647)
Culture and recreation	9,975	-	-	(9,975)
Interest on long-term debt	2,420	-	-	(2,420)
Total governmental activities	<u>\$ 131,657</u>	<u>\$ -</u>	<u>\$ 31,554</u>	<u>(100,103)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				74,858
State aid not restricted to specific purposes				32,732
Interest and investment earnings				6,812
Other				5,510
Special item - loss on sale of building				(12,718)
Total general revenues and special item				<u>107,194</u>
Change in Net Assets				7,091
Net Assets - Beginning of Year				<u>317,903</u>
Net Assets - End of Year				<u>\$ 324,994</u>

See Notes to Financial Statements.

Village of Clarksville
Balance Sheet
Governmental Funds
February 29, 2008

	General Fund	Major Street Fund	Local Street Fund	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 254,993	\$ 16,625	\$ 3,056	\$ 274,674
Receivables:				
Due from other governmental units	9,586	4,357	3,294	17,237
Total assets	<u>\$ 264,579</u>	<u>\$ 20,982</u>	<u>\$ 6,350</u>	<u>\$ 291,911</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 3,368	\$ 7,006	\$ 3,236	\$ 13,610
Salaries payable	7,796	-	-	7,796
Total liabilities	<u>11,164</u>	<u>7,006</u>	<u>3,236</u>	<u>21,406</u>
Fund Balances:				
Unreserved; undesignated	253,415	13,976	3,114	270,505
Total fund balances	<u>253,415</u>	<u>13,976</u>	<u>3,114</u>	<u>270,505</u>
Total liabilities and fund balances	<u>\$ 264,579</u>	<u>\$ 20,982</u>	<u>\$ 6,350</u>	<u>\$ 291,911</u>

Village of Clarksville
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
February 29, 2008

Total Fund Balances - Governmental Funds	\$ 270,505
Amounts reported for governmental activities in the Statement of Net Assets are different because	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
The cost of the capital assets is	\$ 129,016
Accumulated depreciation is	<u>(17,407)</u>
	111,609
Long-term liabilities not due and payable in the current period and not reported in the funds:	
Notes payable	(55,727)
Accrued interest	<u>(1,393)</u>
Total Net Assets - Governmental Activities	<u>\$ 324,994</u>

Village of Clarksville
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended February 29, 2008

	General Fund	Major Street Fund	Local Street Fund	Total
Revenues:				
Taxes	\$ 74,858	\$ -	\$ -	\$ 74,858
Intergovernmental	32,732	24,802	6,752	64,286
Interest	6,122	618	72	6,812
Other	<u>5,510</u>	<u>-</u>	<u>-</u>	<u>5,510</u>
Total revenues	<u>119,222</u>	<u>25,420</u>	<u>6,824</u>	<u>151,466</u>
Expenditures:				
Legislative	11,596	-	-	11,596
General government	54,379	-	-	54,379
Public works	20,633	103,578	16,336	140,547
Culture and recreation	9,975	-	-	9,975
Debt service:				
Principal and interest payments	<u>-</u>	<u>15,386</u>	<u>-</u>	<u>15,386</u>
Total expenditures	<u>96,583</u>	<u>118,964</u>	<u>16,336</u>	<u>231,883</u>
Revenues Over (Under) Expenditures	22,639	(93,544)	(9,512)	(80,417)
Other Financing Sources (Uses):				
Operating transfers in	-	90,560	-	90,560
Operating transfers out	<u>(90,560)</u>	<u>-</u>	<u>-</u>	<u>(90,560)</u>
Total other financing sources	<u>(90,560)</u>	<u>90,560</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances Before Special Item	(67,921)	(2,984)	(9,512)	(80,417)
Special Item - Proceeds from Sale of Building	<u>45,066</u>	<u>-</u>	<u>-</u>	<u>45,066</u>
Net Changes in Fund Balances	(22,855)	(2,984)	(9,512)	(35,351)
Fund Balances - Beginning of Year	<u>276,270</u>	<u>16,960</u>	<u>12,626</u>	<u>305,856</u>
Fund Balances - End of Year	<u>\$ 253,415</u>	<u>\$ 13,976</u>	<u>\$ 3,114</u>	<u>\$ 270,505</u>

Village of Clarksville
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Governmental Funds
Year Ended February 29, 2008

Net Change in Fund Balances - Total Governmental Funds \$ (35,351)

Amounts reported for governmental activities in the Statement
of Activities are different because:

Governmental funds report capital outlays as expenditures; in the
Statement of Activities, these costs are allocated over their estimated
useful lives as depreciation.

Depreciation expense	\$ (4,680)	
Capital outlay	<u>91,940</u>	87,260

Governmental funds report proceeds from the sale of assets as expenditures;
in the Statement of Activities, the proceeds are netted against the net book value
resulting in a gain or loss on sale of asset.

Proceeds from sale of asset	(45,066)	
Loss on sale of asset	<u>(12,718)</u>	(57,784)

Long-term debt proceeds are reported as financing sources in governmental
funds and thus contribute to the change in fund balance. In the Statement of Net
Assets, however, issuing debt increases long-term liabilities and does not
affect the Statement of Activities. Similarly, repayment of principal is an
expenditure in the governmental funds but reduces the liability in the
Statement of Net Assets.

Repayment of long-term debt		12,652
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Some expenses reported in the Statement of Activities do not require the use
of current financial resources and therefore are not reported as expenditures
in the funds.

Decrease in accrued interest payable on debt		<u>314</u>
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Change in Net Assets of Governmental Activities \$ 7,091

Village of Clarksville
Notes to Financial Statements

1. Summary of Significant Accounting Policies

Description of Village Operations

The Village of Clarksville was incorporated under the provisions of the Home Rule Village Act. The Village operates under a Council form of government and provides various services to its residents in many areas including community enrichment, and development and human services. The criteria established by GASB for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. Education services are provided through the local school system, which is a separate governmental entity and, therefore, is not represented in the financial statements included herein.

Reporting Entity

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included. Based on the application of the criteria, the entity does not contain component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Village of Clarksville
Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Government-Wide Statements (Continued) - As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Fund-Based Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund -- This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major Street Fund -- This fund is a special revenue fund. It accounts for revenues received primarily from the State of Michigan Department of Transportation and accounts for street activity relating to the major street functions of the Village.

Local Street Fund -- This fund is a special revenue fund. It accounts for revenues received primarily from the State of Michigan Department of Transportation and accounts for street activity relating to the local street functions of the Village.

Village of Clarksville
Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit.

The Village reports its investments (when applicable) in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Village intends to hold the investment until maturity. Accordingly, investments in bankers' acceptances and commercial paper are recorded at amortized cost. The Village had no investments at February 29, 2008.

State statutes authorize the Village to invest in bonds, and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Village is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

Receivables and Payables – All receivables are reported at their net value. They are reduced, where appropriate, by the estimated portion that is expected to be uncollectible.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Village of Clarksville
Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Capital Assets -- Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Equipment and furniture	5 - 10
Infrastructure	25

Long-Term Obligations -- In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity -- In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. It is the practice of the government to use restricted fund balance first when available and then unrestricted when necessary.

Property Taxes - The government's property taxes are levied each July 1 on the taxable valuation of property located in the Village as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through November 15; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Ionia County.

Assessed values as established annually by the government, and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. Real and personal property in the Village for 2007 had a taxable value of approximately \$7,210,000 representing 50% of estimated current market value. The government's general operating tax rate for fiscal year 2007-08 was 9.2395 mills.

Village of Clarksville
Notes to Financial Statements

2. Stewardship, Compliance and Accountability

The general and special revenue funds are the governmental fund types under formal budgetary control. The Village adopts its budget in accordance with Public Act 621, the Uniform Budgeting and Accounting Act, which mandates an annual budget process and annual appropriation act to implement the budget.

- 1) A general and special revenue budget is presented to Village Council in February, at which time hearings on the budget are scheduled.
- 2) The budget, and an appropriation resolution implementing it, is then adopted in February.
- 3) Formal budget integration is employed as a management control device during the year for all funds.
- 4) Budgets presented for the general and special revenue funds were prepared on the modified cash basis of accounting. Encumbrances are not recorded at year-end.
- 5) Expenditures may not legally exceed activity (department) totals in the general fund. All other special revenue funds cannot legally exceed their respective fund totals. During the current year-end, certain actual expenditures exceeded budgeted amounts and are disclosed in the required supplementary information section.
- 6) The Governing Board has the authority to amend all budgets at the fund level. It further has the right to amend the general fund at the activity level if it desires. Management has no authority to amend budgets at the fund level. Management can do transfers within funds at the departmental level without governing board approval but not between departments.
- 8) The budgetary information presented was amended during the year by an official action of the Village Council.
- 9) All budget appropriations lapse at the end of each fund's fiscal year.

3. Cash and Cash Equivalents

At year-end, the Village's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and cash equivalents	\$ <u>274,674</u>

The breakdown for deposits for the Village is as follows:

Deposits (checking, savings accounts and certificates of deposit)	\$ <u>274,674</u>
---	-------------------

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village has not adopted and State law does not require a policy for deposit custodial credit risk. As of year-end, \$174,674 of the Village's bank balance of \$274,674 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Village had no investments at year-end.

Village of Clarksville
Notes to Financial Statements

4. Receivables

Receivables of the governmental activities of the primary government at February 29, 2008, consisted of the following:

Other governmental units (primarily the State of Michigan) \$ 17,237

5. Capital Assets

Capital assets activity for the year ended February 29, 2008 was as follows:

Primary Government	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,000	\$ -	\$ 1,000	\$ 3,000
Total capital assets not being depreciated	<u>4,000</u>	<u>-</u>	<u>1,000</u>	<u>3,000</u>
Capital assets being depreciated:				
Buildings and improvements	98,446	7,640	73,997	32,089
Equipment and furniture	9,627	2,500	-	12,127
Infrastructure	<u>-</u>	<u>81,800</u>	<u>-</u>	<u>81,800</u>
Total capital assets being depreciated	<u>108,073</u>	<u>91,940</u>	<u>73,997</u>	<u>126,016</u>
Accumulated depreciation:				
Buildings and improvements	24,042	822	17,212	7,651
Equipment and furniture	5,897	1,404	-	7,302
Infrastructure	<u>-</u>	<u>2,454</u>	<u>-</u>	<u>2,454</u>
Total accumulated depreciation	<u>29,939</u>	<u>4,680</u>	<u>17,212</u>	<u>17,407</u>
Total capital assets being depreciated - net	<u>78,134</u>	<u>87,260</u>	<u>(56,785)</u>	<u>108,609</u>
Governmental activities capital assets - net	<u>\$ 82,134</u>	<u>\$ 87,260</u>	<u>\$ (57,785)</u>	<u>\$ 111,609</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 2,226
Public works	<u>2,454</u>
Total	<u>\$ 4,680</u>

Village of Clarksville
Notes to Financial Statements

6. General Long-Term Debt

A summary of general long-term debt is as follows:

	<u>Balance</u> <u>02/28/07</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>02/29/08</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Michigan Department of Transportation – Infrastructure loan; payable in annual payments of \$15,386; interest at 4%.	\$ <u>68,379</u>	\$ <u>-</u>	\$ <u>12,652</u>	\$ <u>55,727</u>	\$ <u>13,157</u>

The following is a summary of principal maturities and interest requirements:

<u>Year ending</u> <u>February 28,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 13,157	\$ 2,229	\$ 15,386
2010	13,683	1,703	15,386
2011	14,231	1,155	15,386
2012	<u>14,656</u>	<u>586</u>	<u>15,242</u>
Total	\$ <u>55,727</u>	\$ <u>5,673</u>	\$ <u>61,400</u>

7. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended February 29, 2008, the Village carried commercial insurance to cover all risks of losses. The Village has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

8. Sewage Disposal System

The Village of Clarksville, in conjunction with the Township of Boston and the Township of Campbell, constructed a sewer system. The system is designated as "Ionia County Sewage Disposal System (Clarksville-Morrison Lake)."

The Clarksville - Morrison Lake Sewer Authority was formed by the three governmental units in order to operate and maintain the sewage disposal system. The authority is acting in an agency capacity on behalf of these three governmental units.

9. Interfund Transfers

During the year, the general fund transferred funds to the major street fund to be used for financing the street project.

10. Special Item

In April 2007, the Village sold a piece of property that contained the library. According to GASB, this item is presented as a special item under the criteria that it is infrequent but within the control of Village Management.

Required Supplemental Information

Village of Clarksville
Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget to Actual
General Fund and Major Special Revenue Funds
Year Ended February 29, 2008

	General Fund			Major Street Fund			Local Street Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:									
Taxes	\$ 63,379	\$ 63,379	\$ 74,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	37,717	37,717	32,732	32,065	32,065	24,802	6,830	6,830	6,752
Interest	7,551	7,551	6,122	181	182	618	174	174	72
Other	4,496	4,496	5,510	-	-	-	-	-	-
Total revenues	113,143	113,143	119,222	32,246	32,247	25,420	7,004	7,004	6,824
Expenditures:									
Current operations:									
Legislative	8,396	8,395	11,596	-	-	-	-	-	-
General government	59,770	51,933	54,379	-	-	-	-	-	-
Public works	14,704	14,703	20,633	41,539	134,029	103,578	2,598	9,946	16,336
Culture and recreation	-	-	9,975	-	-	-	-	-	-
Debt service	-	-	-	15,386	15,386	15,386	-	-	-
Total expenditures	92,870	75,031	96,583	56,925	149,415	118,964	2,598	9,946	16,336
Revenues Over (Under) Expenditures	20,273	38,112	22,639	(24,679)	(117,168)	(93,544)	4,406	(2,942)	(9,512)
Other Financing Sources (Uses):									
Operating transfers in	-	-	-	-	90,560	90,560	-	-	-
Operating transfers out	-	(90,560)	(90,560)	-	-	-	-	-	-
Total other financing sources (uses)	-	(90,560)	(90,560)	-	90,560	90,560	-	-	-
Net Changes in Fund Balances Before Special Item	20,273	(52,448)	(67,921)	(24,679)	(26,608)	(2,984)	4,406	(2,942)	(9,512)
Special Item - Proceeds from Sale of Building	-	-	45,066	-	-	-	-	-	-
Net Changes in Fund Balances	20,273	(52,448)	(22,855)	(24,679)	(26,608)	(2,984)	4,406	(2,942)	(9,512)
Fund Balances - Beginning of Year	276,270	276,270	276,270	16,960	16,960	16,960	12,626	12,626	12,626
Fund Balances - End of Year	\$ 296,543	\$ 223,822	\$ 253,415	\$ (7,719)	\$ (9,648)	\$ 13,976	\$ 17,032	\$ 9,684	\$ 3,114

Other Supplemental Information

Village of Clarksville
General Fund
Comparative Balance Sheets
February 28, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Cash	\$ 254,993	\$ 276,848
Due from other governmental units	<u>9,586</u>	<u>9,664</u>
Total assets	<u>\$ 264,579</u>	<u>\$ 286,512</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ 3,368	\$ 3,436
Accrued payroll	<u>7,796</u>	<u>6,806</u>
Total liabilities	<u>11,164</u>	<u>10,242</u>
Fund Balances:		
Unreserved; undesignated	<u>253,415</u>	<u>276,270</u>
Total liabilities and fund balances	<u>\$ 264,579</u>	<u>\$ 286,512</u>

Village of Clarksville
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget to Actual
General Fund
Year Ended February 29, 2008
(With Comparative Actual Amounts for the Year Ended February 28, 2007)

	2008		2007	
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 63,379	\$ 74,858	\$ 11,479	\$ 63,378
Intergovernmental	37,717	32,732	(4,985)	37,717
Interest and rental	7,551	6,122	(1,429)	7,551
Other	4,496	5,510	1,014	4,496
Total revenues	<u>113,143</u>	<u>119,222</u>	<u>6,079</u>	<u>113,142</u>
Expenditures:				
Legislative:				
Village council	<u>8,395</u>	<u>11,596</u>	<u>(3,201)</u>	<u>7,190</u>
General government:				
Executive	1,847	1,847	-	1,847
Election	74	-	74	74
Clerk	3,502	3,232	270	3,501
Treasurer	4,310	3,232	1,078	4,310
Village hall	27,616	34,255	(6,639)	16,091
Other	14,584	11,813	2,771	17,067
Total general government	<u>51,933</u>	<u>54,379</u>	<u>(2,446)</u>	<u>42,890</u>
Public works	<u>14,703</u>	<u>20,633</u>	<u>(5,930)</u>	<u>14,970</u>
Culture and recreation	<u>-</u>	<u>9,975</u>	<u>(9,975)</u>	<u>-</u>
Total expenditures	<u>75,031</u>	<u>96,583</u>	<u>(21,552)</u>	<u>65,050</u>
Revenues Over (Under) Expenditures	38,112	22,639	(15,473)	48,092
Other Financing Sources (Uses):				
Operating transfers out	<u>(90,560)</u>	<u>(90,560)</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>(90,560)</u>	<u>(90,560)</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances Before Special Item	(52,448)	(67,921)	(15,473)	48,092
Special Item - Proceeds from Sale of Building	<u>-</u>	<u>45,066</u>	<u>(45,066)</u>	<u>-</u>
Net Changes in Fund Balances	(52,448)	(22,855)	29,593	48,092
Fund Balances - Beginning of Year	<u>276,270</u>	<u>276,270</u>	<u>-</u>	<u>228,178</u>
Fund Balances - End of Year	<u>\$ 223,822</u>	<u>\$ 253,415</u>	<u>\$ 29,593</u>	<u>\$ 276,270</u>

Village of Clarksville
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget to Actual
Major Street Fund
Year Ended February 29, 2008
(With Comparative Actual Amounts for the Year Ended February 28, 2007)

	<u>2008</u>		<u>2007</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues:				
State revenue	\$ 32,065	\$ 24,802	\$ (7,263)	\$ 25,090
Interest	182	618	436	182
Total revenues	<u>32,247</u>	<u>25,420</u>	<u>(6,827)</u>	<u>25,272</u>
Expenditures:				
Maintenance:				
Contracted services	<u>130,654</u>	<u>89,016</u>	<u>41,638</u>	<u>6,872</u>
Total maintenance	<u>130,654</u>	<u>89,016</u>	<u>41,638</u>	<u>6,872</u>
Winter maintenance:				
Contracted services	<u>3,375</u>	<u>14,562</u>	<u>(11,187)</u>	<u>4,924</u>
Total winter maintenance	<u>3,375</u>	<u>14,562</u>	<u>(11,187)</u>	<u>4,924</u>
Debt service	<u>15,386</u>	<u>15,386</u>	<u>-</u>	<u>15,386</u>
Total expenditures	<u>149,415</u>	<u>118,964</u>	<u>30,451</u>	<u>27,182</u>
Revenues Over (Under) Expenditures	(117,168)	(93,544)	23,624	(1,910)
Other Financing Sources (Uses):				
Operating transfers in	<u>90,560</u>	<u>90,560</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>90,560</u>	<u>90,560</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	(26,608)	(2,984)	23,624	(1,910)
Fund Balances - Beginning of Year	<u>16,960</u>	<u>16,960</u>	<u>-</u>	<u>18,870</u>
Fund Balances - End of Year	<u>\$ (9,648)</u>	<u>\$ 13,976</u>	<u>\$ 23,624</u>	<u>\$ 16,960</u>

Village of Clarksville
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget to Actual
Local Street Fund
Year Ended February 29, 2008
(With Comparative Actual Amounts for the Year Ended February 28, 2007)

	<u>2008</u>			<u>2007</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues:				
State revenue	\$ 6,830	\$ 6,752	\$ (78)	\$ 6,830
Interest	174	72	(102)	176
Total revenue	<u>7,004</u>	<u>6,824</u>	<u>(180)</u>	<u>7,006</u>
Expenditures:				
Maintenance:				
Supplies and materials	-	-	-	2,225
Contracted services	<u>7,453</u>	<u>11,612</u>	<u>(4,159)</u>	<u>5,048</u>
Total maintenance	<u>7,453</u>	<u>11,612</u>	<u>(4,159)</u>	<u>7,273</u>
Winter maintenance:				
Contracted services	<u>2,493</u>	<u>4,724</u>	<u>(2,231)</u>	<u>2,674</u>
Total winter maintenance	<u>2,493</u>	<u>4,724</u>	<u>(2,231)</u>	<u>2,674</u>
Total expenditures	<u>9,946</u>	<u>16,336</u>	<u>(6,390)</u>	<u>9,947</u>
Net Changes in Fund Balances	(2,942)	(9,512)	(6,570)	(2,941)
Fund Balances - Beginning of Year	<u>12,626</u>	<u>12,626</u>	-	<u>15,567</u>
Fund Balances - End of Year	<u>\$ 9,684</u>	<u>\$ 3,114</u>	<u>\$ (6,570)</u>	<u>\$ 12,626</u>

Village of Clarksville
Schedule of Indebtedness
February 29, 2008

**Michigan Department of Transportation
Infrastructure Loan**

<u>Issue Date</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2/28/2007</u>	<u>2/29/2008</u>	<u>Interest Payable</u>
July 27, 1999	\$ 144,000					
		4.000%	7/21/2007	\$ 12,651		
		4.000%	7/21/2008	13,157	\$ 13,157	\$ 2,229
		4.000%	7/21/2009	13,683	13,683	1,703
		4.000%	7/21/2010	14,231	14,231	1,155
		4.000%	7/21/2011	14,656	14,656	586
				<u>\$ 68,378</u>	<u>\$ 55,727</u>	<u>\$ 5,673</u>



August 27, 2008

To the Village Council
Village of Clarksville

We have audited the financial statements of the governmental activities and each major fund of the Village of Clarksville for the year ended February 29, 2008, and have issued our report thereon dated August 27, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

- 1) As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.
- 2) As part of our audit, we considered the internal control of the Village of Clarksville. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
- 3) We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our discussions about planning matters held prior to the audit field work.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Clarksville are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear.

WILLIS & JURASEK, P.C.

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Jackson, MI 49203-3690

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The journal entries provided to management, including some that were material misstatements detected as a result of audit procedures, were corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 27, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Village Council and management of the Village of Clarksville and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.



To the Village Council
of the Village of Clarksville

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Clarksville as of and for the year ended February 29, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

2008-1: The management of the Village has the ability to produce internal reporting that allows for financial management of the day-to-day operations. However, management relies on the external auditors to prepare its external audit reports. While this may be typical of some smaller municipalities, it is considered a material weakness under SAS 112.

2008-2: Due to the limited personnel in the accounting department, the Village lacks segregation of duties over several areas, including cash receipting, journal entry processes, and cash disbursements. The limited size of the staff does not allow for segregating duties. The Village has made good improvements in this area during the 2007/2008 fiscal year but the cash receipting process still lacks sufficient control. Council should be aware of and attempt to establish procedures to minimize this lack of controls.

2008-3: According to the Uniform Budget Manual, a municipality shall not pass a budget in which the expenses and accumulated deficit exceed the expected revenues but for the 2008 fiscal year the Village adopted a budget for the major streets fund that anticipated a deficit fund balance.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Of the significant deficiencies described above, we consider Finding 2008-1 to be a material weakness.

This communication is intended solely for the information and use of management, the Village Council and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.


Willis & Jurasek, P.C.
August 27, 2008

WILLIS & JURASEK, P.C.

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Village of Clarksville

Financial Highlights

February 29, 2008

General Fund:

Balance Sheet Items:

- ◆ Overall assets decreased \$22,000, due mainly to decrease in cash.
- ◆ Cash balances decreased approximately \$22,000.
- ◆ Due from State of MI \$9,586, a small increase from prior year.
- ◆ Overall liabilities remained consistent with prior year.
- ◆ Salaries payable of \$7,800 increased a little bit over prior year but due only to timing of year end.
- ◆ Fund balance at year end was \$253,000 which was a decrease of \$23,000. Fund balance stands at 213% of revenue and 262% of expenditures – very healthy

Revenue and Expenditures:

- ◆ Total revenue increased \$6,000. An increase of approximately 5%.
 - Property taxes increased approximately 18%.
 - State funding decreased this year – 13% decrease from prior year.
 - Other revenue (interest, hall rental, etc) basically consistent with prior year
- ◆ Expenditures and transfers out in total increased \$122,000 or 188%. – Significantly different than prior year due mainly to the repaving of Cross St.

Special Revenue Funds (Major & Local Streets Funds):

Balance Sheet Items:

- ◆ Cash balance increased in the local streets fund
- ◆ Accounts payable increased \$4,700 – one or two significant invoices at year end
- ◆ Fund balance decreased \$12,000

Revenue and Expenditures:

- ◆ Overall revenue very consistent
- ◆ Expenditures for street maintenance and improvements also very consistent. Main difference was paving expenses of approximately \$81,000

Overall Comments:

- ◆ Overall accounting office, procedures and controls are well organized and appear to be operating as designed
- ◆ Property tax revenue shows consistent growth; helps counteract decrease in state funding
- ◆ Overall trend shows steady to modest increases in expenditures for most years
- ◆ Fund balance still healthy